

# Tax Increment Financing (TIF) Program

Description	FY 2003 Actual	FY 2004 Approved	FY 2005 Proposed	% Change from FY 2004
Operating Budget	\$0	\$1,940,000	\$9,710,000	400.5

Tax increment financing is a program by which the District provides economic development grants by borrowing against future tax receipts from funded projects.

The District established a tax increment financing (TIF) program in 1998 and authorized the issuance of up to \$300 million in debt to support economic development projects that would not be developed "but for" public financial assistance. The initiative was reauthorized by the "Tax Increment Financing Reauthorization Act of 2002."

## Gross Funds

The proposed gross funds budget is \$9,710,000, an increase of \$7,770,000 or 400.5 percent from the FY 2004 approved budget of \$1,940,000. There are no FTEs for the agency. In addition, the funds serve as reserve funding in the event the dedicated tax stream is insufficient to cover the debt service.

## General Fund

**Local Funds.** The proposed budget is \$9,710,000, an increase of \$7,770,000 or 400.5 percent from the FY 2004 approved budget of \$1,940,000. There are no FTEs for the agency.

Changes from the FY 2004 approved budget are:

- An increase of \$7,770,000 from the FY 2004 approved budget of \$1,940,000 is due to an increase in the TIF Budgeted Reserve.

## Programs

The **Tax Increment Financing** program has three major projects:

- The International Spy Museum includes a requirement that the District use most of the sales tax generated by the attraction and a portion of the real property tax from the museum's property to pay debt service.
- The Mandarin Oriental hotel has been under construction for the past two years and has opened in March 2004.
- The Gallery Place is a mixed-use project. Originally the project was supposed to be open in November 2003 but will not open until summer 2004.

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## Funding by Source

Table TX0-1 shows the sources of funding for the TIF.

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Table TX0-1

### FY 2005 Proposed Operating Budget, by Revenue Type

(dollars in thousands)

Appropriated Fund	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
Local Fund	0	0	1,940	9,710	7,770	400.5
<b>Total for General Fund</b>	<b>0</b>	<b>0</b>	<b>1,940</b>	<b>9,710</b>	<b>7,770</b>	<b>400.5</b>
<b>Gross Funds</b>	<b>0</b>	<b>0</b>	<b>1,940</b>	<b>9,710</b>	<b>7,770</b>	<b>400.5</b>

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## Expenditure by Comptroller Source Group

Table TX0-2 shows the FY 2005 proposed budget for the agency at the Comptroller Source Group level (Object Class level).

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Table TX0-2

### FY 2005 Proposed Operating Budget, by Comptroller Source Group

(dollars in thousands)

Comptroller Source Group	Actual FY 2002	Actual FY 2003	Approved FY 2004	Proposed FY 2005	Change from FY 2004	Percent Change
50 Subsidies and Transfers	0	0	1,940	9,710	7,770	400.5
<b>Subtotal Nonpersonal Services (NPS)</b>	<b>0</b>	<b>0</b>	<b>1,940</b>	<b>9,710</b>	<b>7,770</b>	<b>400.5</b>
<b>Total Proposed Operating Budget</b>	<b>0</b>	<b>0</b>	<b>1,940</b>	<b>9,710</b>	<b>7,770</b>	<b>400.5</b>